

403. The most rapid decline in unemployment took place between March, 1936, and March, 1937, the figures after that being much more stable, and it would seem that the most rapid upsurge of business activity came in 1936 and 1937. The hard core of unemployment, amounting to between 20,000 and 30,000, proved very difficult to reduce in spite of greatly increased activity in secondary and constructional industries and the larger export income. About one-third of the total unemployed were marginal workers who would have proved difficult to knit into any peacetime economy, but wartime and immediate post-war experience has shown to what a low level the number of unemployed marginal workers can be reduced if the aggregate demand for labour is sustained.

404. Unemployment Policy, 1936-1939.—In May, 1936, the Employment Promotion Act was passed, and on the 1st June the Unemployment Board went out of existence. The machinery for dealing with unemployment was then handed over to the Employment Promotion Division of the Labour Department.

405. The policy adopted from 1936 onward was to place as many men as possible in full-time employment at standard rates of pay. Rationed relief work was gradually cut down and was replaced by the provision of full-time work with local bodies at award rates of pay.

406. Assistance from the Employment Promotion Fund was granted to local bodies to enable them to create useful amenities and to private firms, either as initial assistance, or as a means towards rehabilitation. In this way those previously unemployed were placed in useful full-time employment, and at the same time the worker's return to his normal trade was not obstructed.

407. The Social Security Act of 1938 provided for a different system of analysing unemployment statistics, those unemployed through maladjustment in industry being separated from those unemployed due to personal inability to work. Thus statistics of unemployment before and after the coming into force of the Act on the 1st April, 1939, are not strictly comparable. By 1939 the number who could be logically classed as unemployed in New Zealand was very low; but there was a considerable number who were in employment which was subsidized by the public funds.

408. To assist in the finding of suitable jobs for workers the State Placement Service, a part of the Employment Division of the Labour Department, was established in 1936. Up till then the activities of the Unemployment Board had been directed mainly towards the task of dealing with unemployment, little attention being given to the placing of workers in the most suitable employment. The new Service had two functions—to provide industry with the most suitable available labour, and to secure for the community the benefit of the special training and qualifications possessed by any disengaged individual. Though it took time to gain the confidence of the employers and workers, the Placement Service by 1939 was playing a very useful part in the country's economic life, acting as a "clearing-house for labour." An encouragement was also given to labour mobility, as the individual worker was enabled to gain a clearer idea of the employment opportunities in different parts of the country.

409. Vocational guidance had been neglected in New Zealand, but in 1938 the Employment Division, in conjunction with the Education Department, established Youth Centres in the main cities, the dual responsibilities being undertaken of vocational guidance and the provision of facilities for placing young people in employment.

410. The coming into force of the Social Security Act in April, 1939, resulted in a fundamentally new approach being made to the whole problem of unemployment. The Social Security Act had instituted an invalidity benefit upon which practically all the unemployables were placed, while the unemployment benefit provided for the relief of those out of work through "frictional" causes and for whom no immediate work could be found. With the coming into use of this more logical classification of unemployment, comparisons between the levels before and after April, 1939, are difficult to make. If, however, men in full-time subsidized employment are included, "unemployment" in New Zealand at the outbreak of war was about 19,000, which meant that New Zealand began the war with a much smaller reserve of unemployed labour than most other countries.